

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

FTX TRADING LTD., *et al.*,

Debtors.

Case No. 22-11068 (JTD)

(Joint Administration Pending)

Chapter 11

RE: D.I. 243

DECLARATION OF VYTE DANILEVICIUTE

**IN SUPPORT OF MOTION TO COMPEL REJECTION OF EXECUTORY
CONTRACT OR IN THE ALTERNATIVE FOR RELIEF FROM AUTOMATIC STAY
TO TERMINATE AGREEMENT**

I, Vyte Danileviciute, hereby declare:

1. I am the lead Esports Legal Counsel at Riot Games, Inc. (“Riot Games”), the developer and publisher of League of Legends, an internationally renowned multiplayer online battle arena video game. Riot Games, together with its affiliate, North America League of Legends Championship Series, LLC (“Riot”), host various live-event competitions featuring competitive play of League of Legends.
2. The facts herein contained are within my own personal knowledge and belief and I could and would competently testify thereto if called upon to do so.
3. In my role as Director, Legal Counsel, I oversee legal matters related to the Riot Games and Riot esports operations, including esports commercial partnerships. I was personally involved in drafting and negotiating the Agreement referenced in paragraph 4 below.
4. Attached hereto as Exhibit A is a true and correct redacted copy of the Strategic Sponsorship Agreement dated August 21, 2021 by and between West Realm Shires Services, Inc., d/b/a FTX.US (“FTX”) and Riot (the “Agreement”). The only portions of the Agreement

which have been redacted, are those sections which reflect the payments to be made by FTX for years 2024 and beyond. Financial information about the LCS is closely guarded information not available to the public. All the teams, sponsors, and others involved in the LCS are bound by strict confidentiality obligations. Some of the teams in Riot's international esports leagues are public companies, and even with these companies Riot has agreements in place to make sure that any financial information submitted as part of public securities filings are presented in a way that Riot's own leagues' financial information cannot be extracted.

5. Prior to entering into the agreement with FTX, Riot considered other cryptocurrency platforms, but selected FTX for its reputation among Riot's audience. After conducting market research to ensure the proper data set for its viewers and their interests, Riot made FTX its official sponsor. In addition, Riot created a new asset that included FTX's fixed logo on the screen throughout the entire game – a step which was unprecedented in *League of Legends* globally. At times, the FTX logo was more visible than Riot's.

6. Based on statistics available to, and analyzed by Riot, Riot is the third most watched professional sport in the world, behind only the NFL and NBA, with audiences in North and South America, Asia, and Europe and is accessible on 30+ platforms.

7. Riot has attempted to confer with FTX. On several occasions, Riot employees have placed telephone calls with, and sent emails to Claire Watanabe, FTX's Head of Partnerships and Partner Management, and Samuel Bankman-Fried. Riot employees have also attempted to reach FTX through FTX's agency of record, Wasserman.

8. Since the public unraveling of FTX, Riot has faced significant non-monetary and monetary damage as a result of its ongoing association with FTX. Under the Agreement, Riot Games has promoted FTX as the "Official Cryptocurrency Exchange of the LCS," in its premier

North American esports league for the game *League of Legends*. The Agreement with FTX represents the largest sponsorship agreement Riot has ever signed for an esports league.

Following the bankruptcy, a number of traditional and esports-focused news outlets, including the publications Decrypt, Axios and Sports Business Journal, have reached out to Riot for comment.

9. Riot has also been hurt financially by the failure of FTX to pay its remaining 2022 obligations totaling \$6,250,000. FTX's nonpayment has a direct financial impact on Riot. Sponsors are a key part of allowing leagues, teams, and other industry participants to break even or make a profit; which then makes the industry as a whole more attractive to investors and other potential participants. Sponsorship revenue is critical to the sustainability of the overall esports ecosystem.

10. Riot made financial commitments to the franchised teams specifically based on the FTX sponsorship. Riot features a revenue share model, whereby a portion of the revenues generated by Riot's North American league are equally distributed to the professional esports teams participating in that league. The sponsor payments are therefore a key source of income for the teams in Riot (which then, in turn, pay their players, etc.).

11. FTX has provided no assurances of its willingness or indeed ability to pay in 2023 nor the amounts due for the balance of Agreement term through 2028.

12. Even if the Agreement is terminated promptly, there will not be enough time to replace FTX as a partner for the 2023 competitive season. Thus, Riot will only be able to mitigate the financial loss. The longer Riot is prevented from commercializing the crypto-exchange sponsorship category and the broadcast assets currently owned by FTX, the more damages Riot incurs.

13. Riot used FTX marks and logos in its marketing materials for 2022, but has yet to fulfill its commitment to market FTX on the Riot platform for years 2023 through 2028.

14. The mutual morality clause in the Agreement is a standard provision in Riot esports sponsorship agreements. In this instance, the existence of a morality clause was particularly important to Riot. Riot was concerned that cryptocurrency exchanges were a relatively new industry, subject to evolving regulation and crypto market volatility, in general. Having language in the Agreement that monitored the goodwill generated by the Agreement, or permitting the termination of the Agreement in the absence of FTX's positive public reputation was essential to Riot.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

[signature on next page]

Executed at Los Angeles, California this 15th day of December, 2022.

Vyte Danileviciute